



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

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January 26, 2004

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

SUBJECT: **IMPROVING MANAGED CARE PLAN COLLECTIONS**

As referenced in my October 27, 2003 memo to you, this is to provide an update on our progress in improving managed care and health care plan billing and collections during the 4<sup>th</sup> quarter of calendar year 2003.

- The Ad Hoc Committee, comprised of County Counsel, facility designated physicians, Patient Financial Services (PFS) Directors, Chief Financial Officers (CFOs), and Utilization Review (UR) Directors, continues to meet on a monthly basis to review the current facility procedures, identify ways to improve the authorization process, develop revised policies and procedures, and enrich the knowledge base of physicians and other designated facility personnel through a training program.
- On November 24, 2003, DHS received its initial payment of \$657,256, from Maxicare, which represents 26 percent of our allowed claim of \$2.6 million. Maxicare indicated that DHS should expect to receive its balance before the end of this fiscal year.
- Arbitration Hearings have been scheduled for April 5 - 9, 2004 with the American Arbitration Association related to the resolution of over 5,019 outstanding claims inventory from Universal Care totaling an estimated plan liability of \$3.7 million.
- Molina Healthcare is currently adjudicating the remaining Calendar Year (CY) 2002 claims for LAC + USC Medical Center (LAC + USC) and Martin Luther King, Jr./Drew (MLK/D) Medical Center as well as claims for January through December 2003 dates of service at these two facilities.

Additionally, DHS and Molina have agreed that the contract terms and rates need to be updated. On September 23 and 24, 2003, our Molina contract negotiating team comprised of Revenue Management (RM), DHS' Contracts Administrator, and County

Counsel met with Molina representatives to review contract language and begin discussing proposed rates. On December 10, 2003, DHS, with the approval of the Health Plan Contracting Policy Group (HPCPG), accepted Molina's third counter offer for the new contract rates. County Counsel and Molina's counsel are in the process of finalizing a new agreement.

- RM and County Counsel will participate in the Watts Beneficiary Committee to oversee all payouts that are not related to the day-to-day operations. On December 17, 2003, DHS received its initial payment of \$508,388, which represents 26 percent of our allowed pre-conservator claim totaling \$1,956,416.
- RM and Care 1<sup>st</sup> are in the process of scheduling their quarterly training at each facility for February 2004.
- On Monday, September 29, 2003, DHS Finance met with Blue Cross' Vice-President to discuss claims resolution for the contracted emergency services claims for dates of service July 17, 2001 through June 30, 2003. It was agreed that Blue Cross would immediately begin adjudicating those claims, with hopes of completion by the end of October 2003. On December 22, 2003, a telephone conference was held with Blue Cross' Vice-President, DHS' Contracts Administrator, and RM to discuss the on-going backlog of contracted claims. DHS and Blue Cross have agreed to complete the claims review by March 15, 2004.

On January 12 and 13, 2004, RM and Consolidated Business Office (CBO) Management staff met at Blue Cross to review and resolve claim issues for LAC + USC. As a result of the review, several process changes at Blue Cross, the CBO, and our contract vendor (Accordis) will be implemented. It was mutually decided that the claims review and resolution would be completed one facility at a time. The MLK/D claims review and resolution is tentatively scheduled for January 27, 2004 at Blue Cross. Harbor/UCLA Medical Center and Olive View/UCLA Medical Center claims review and resolution will be scheduled after resolution of the MLK/D claims. To avoid further backlogs, it was agreed that RM and Blue Cross will meet monthly to perform claims resolution to ensure that claim issues are resolved expeditiously.

- On December 16, 2003, DHS received its payment of \$760,000 for the outstanding CY 2001 Health Net emergency service claims. Health Net is currently adjudicating the CY 2002 emergency services claims and has set April 30, 2004, as the goal for completion.

The Department will continue to provide quarterly reports to the Board on our progress in improving managed care plan billing and collection. The next report will be provided in April 2004. If you have questions, please let me know.

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c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller